

# *Army Institutional Adaptation*

**ASMC PDI  
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**OASA(FM&C)**

# Purpose

**Explain Institutional Adaptation by addressing a few key questions:**

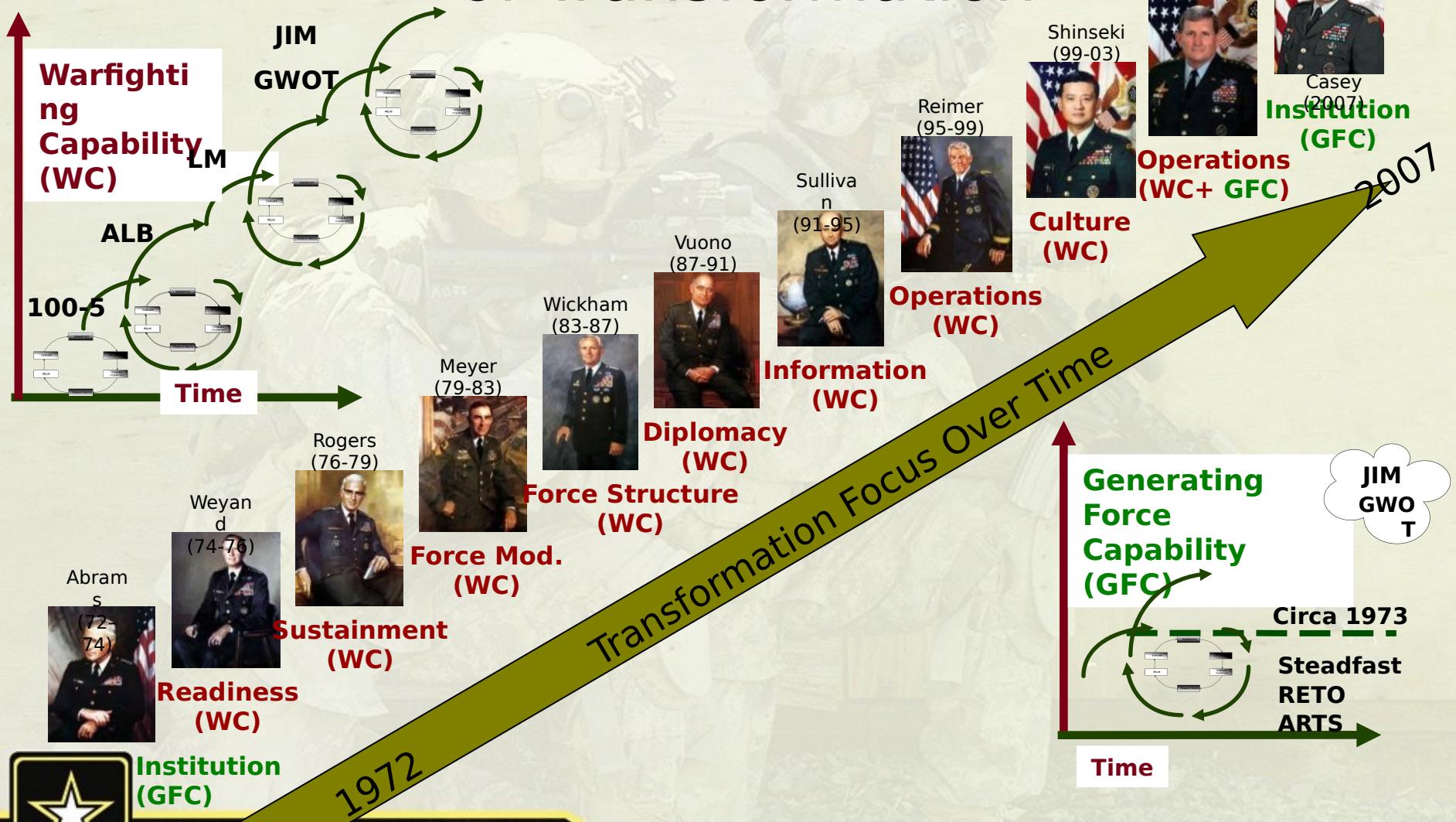
- What is Institutional Adaptation?**
- Why is the Army doing this?**
- Why does Institutional Adaptation matter to resource managers?**

***It is all about building into our Army an understanding that we need to be very, very careful of how we spend our money ... It is all about developing a cost culture.***

***- General Peter Chiarelli, Vice Chief of Staff***



# The Pace and Focus of Transformation

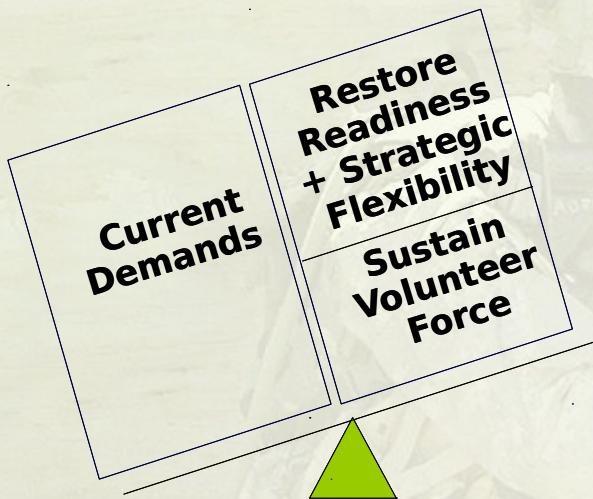


**"We will not cement the transformational change of the Army until the institution reflects that change."**  
Chief of Staff, Army - 19 June 2007



# Restoring the Army to Balance

2009  
Current



2011  
Future



**Army Imperatives**  
Sustain  
Prepare  
Reset  
**Transform**

- Actions to restore balance across the Army are being driven by the four imperatives
- The transformation imperative is the foundation for Institutional Adaptation



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# What is an Enterprise?

**Institutional Adaptation is the first step in adopting an “enterprise” approach to managing the Army.**

- An “**enterprise**” is a cohesive organization whose structure, governance systems and culture support a common purpose.
- The “enterprise approach” educates and empowers leaders to take a holistic view of organizational objectives and processes to act cohesively for the good of the organization to achieve required output with greater efficiency.

**Army culture must change. We have to think and act like a single enterprise, focusing on what's best for the Army, not just what's best for any given organization.**



# Why Do We Need an Enterprise Approach?

## Facts of Life

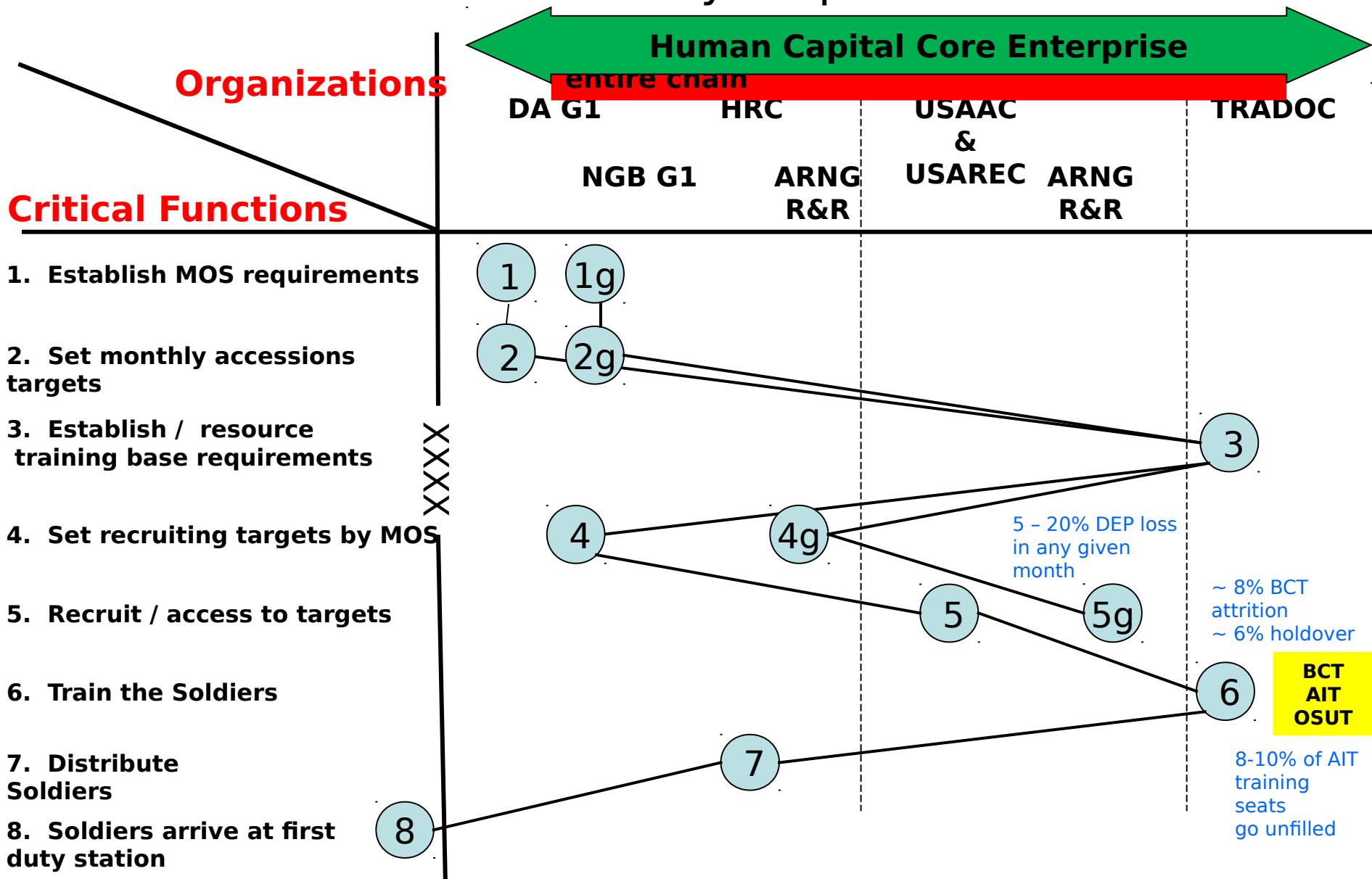
- The Army is a large, complex organization that presents a significant management challenge, even in the best of circumstances.
- To cope with declining budgets, the Army must change the way it does business.

## Internal Factors

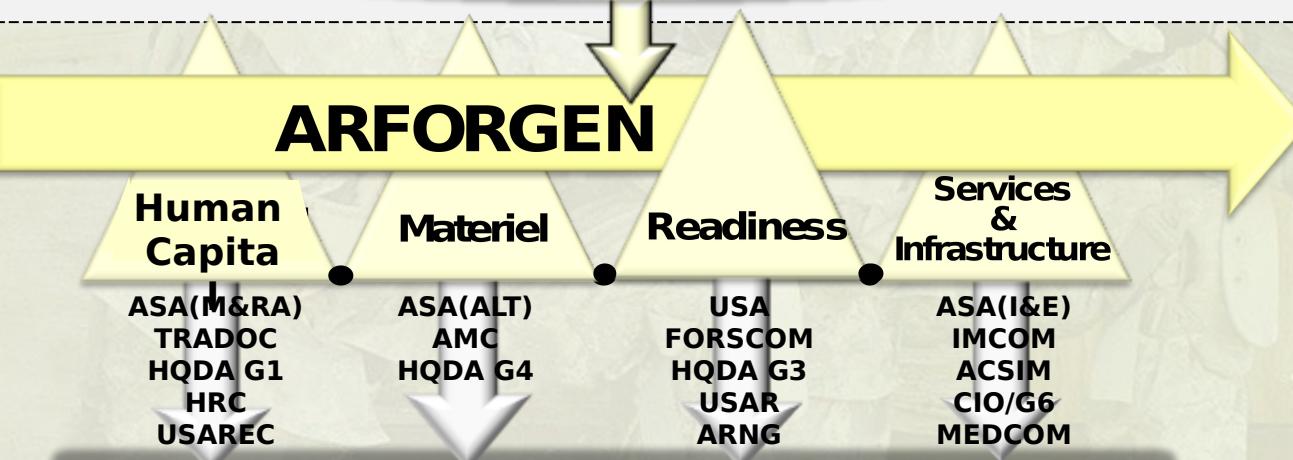
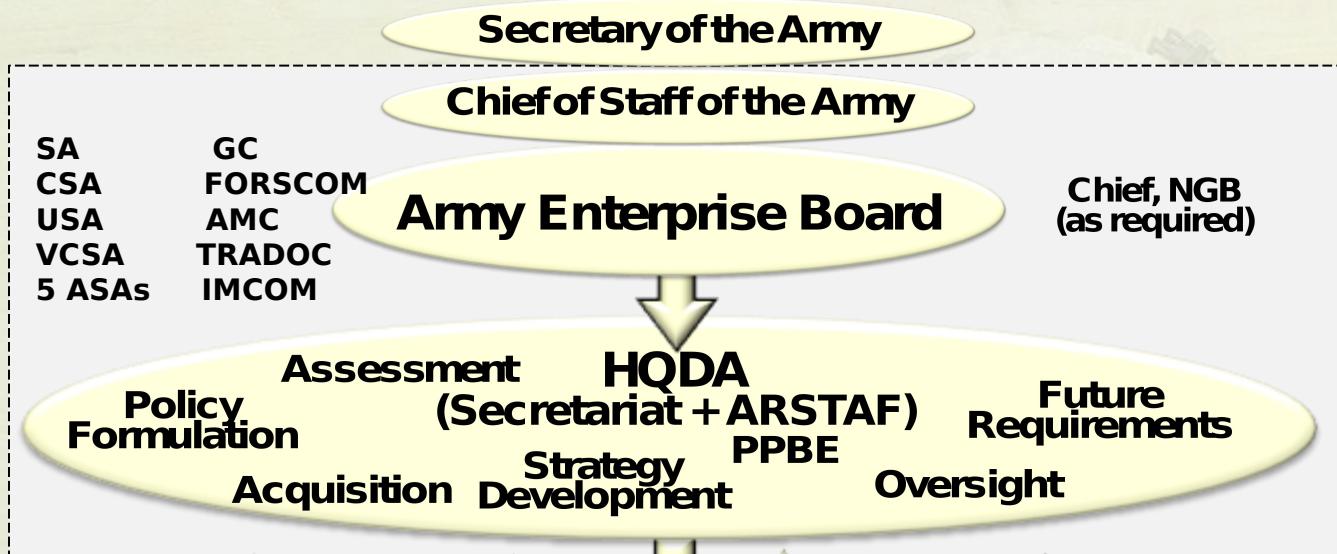
- We have allowed decisions to be pushed to too high a level.
- Throughout the Army, there is a perception that people and hardware are “free goods.”
- We have a consumption-oriented culture in which financial success is defined as spending every dollar.
- We don’t do a good job of relating cost to outputs and outcomes. There is no penalty for excessive cost, no reward for decreased cost.



# A Real-World Example: Distributing Human Capital to Meet Total Army Requirements



# Enterprise Management



Objective: *Efficient Delivery of Outputs*

CE - Core Enterprise



Improve ARFORGEN

Adopt an Enterprise Approach

Reform Requirements & Resource Processes

FM Roles include:

- ✓ Integration of the PPBE process
- ✓ Establishment of a cost culture
- ✓ Establishing & monitoring budget performance metrics

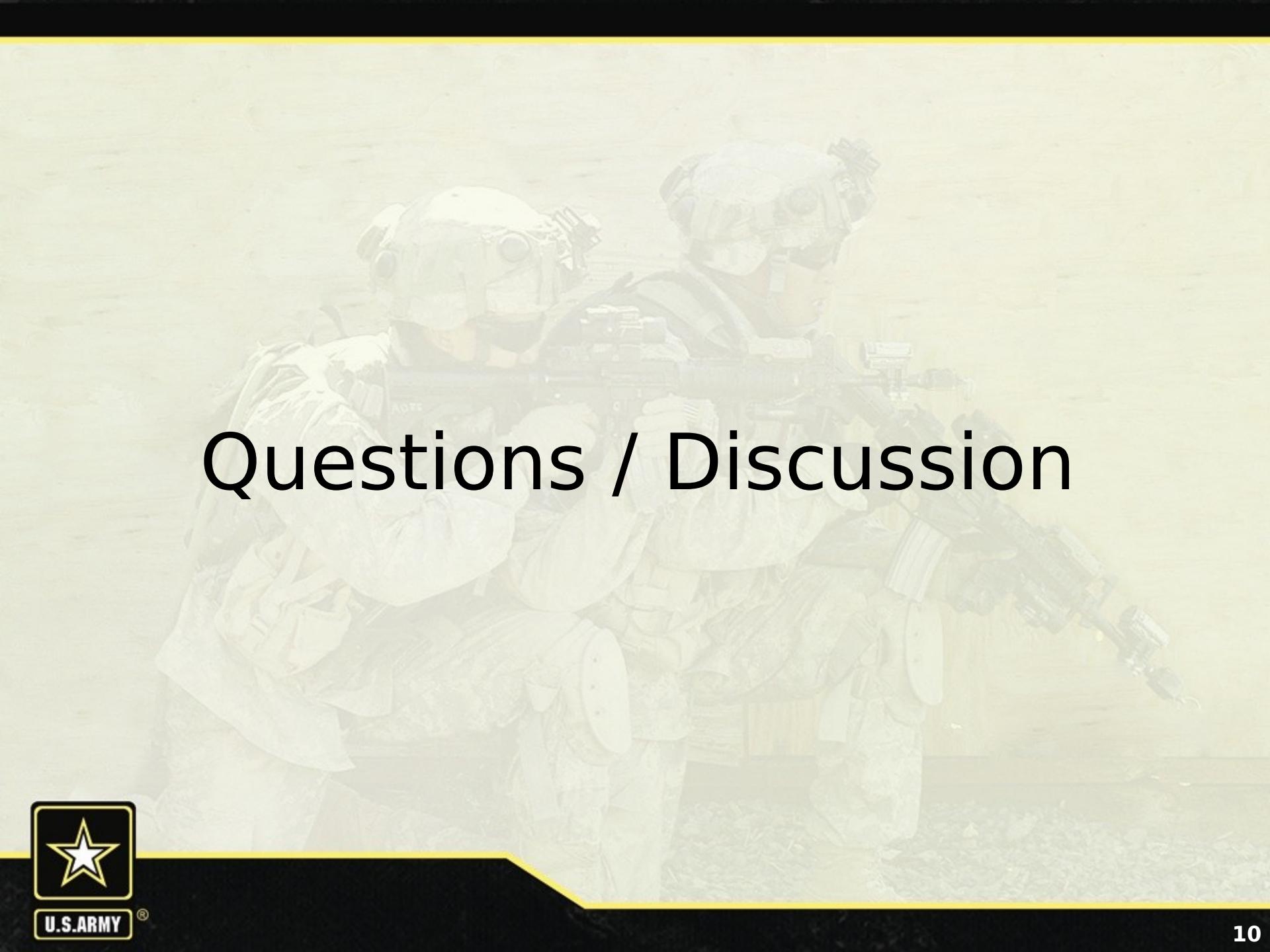
Objective: *Effective Delivery of Outcomes*

# Where You Fit In....

- FM support must adapt as Army changes
- FM challenges will grow as funding declines
- As challenges grow, so will opportunities for the FM community
- Commanders will lean on your expertise to acquire funds, understand costs, and enable the mission

*Your role is more important now than ever before: Resource managers enable commanders to make cost-informed decisions*





# Questions / Discussion



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